

Are you thinking about buying a new home or re-financing the one you have now? If you are, there is a good chance you will be dealing with a mortgage broker or solicitor.

What is the difference between a mortgage broker and solicitor?

A *mortgage broker* is someone that will make, negotiate, acquire or offer to make, negotiate or acquire a mortgage loan on your behalf. A *mortgage solicitor* provides the same service but under the supervision of a mortgage broker.

What does a broker do?

Basically, the mortgage broker processes the paperwork for the loan and submits it to a lender for approval and funding. The mortgage broker normally has agreements with several lenders. Therefore, the mortgage broker may be able to offer a wider array of loans to fit the borrower's needs.

What is the difference between a mortgage broker and lender?

A *mortgage lender* is a company that actually lends the funds. A *mortgage broker* finds a lender to lend the funds.

What is a Good Faith Estimate?

The Good Faith Estimate is an estimate of settlement service charges you will likely incur. Please be aware that these are only estimates and the final charges may not be the same.

What is the Truth-in-Lending Disclosure?

The Truth-in-Lending Disclosure, also called Regulation A, requires lenders to give borrowers an estimate of the terms of the loan such as the annual percentage rate (APR) and finance charges.

What is the loan origination fee?

This fee covers the lender's administrative expenses in processing the loan.

What is the loan discount?

The loan discount or "points" is a one-time charge used to adjust the yield on the loan to what market conditions demand. Each point is equal to one percent of the loan amount.

What is "settlement"?

Settlement is the formal process by which ownership of real property passes from seller to buyer.

What is APR?

APR stands for "annual percentage rate." The APR reflects the cost of your mortgage loan as a yearly rate. The APR includes interest and other credit costs.

What are some of the things you can expect when dealing with a mortgage broker?

You should receive a truth-in-lending disclosure and good faith estimate within three business days of submitting your application to the mortgage broker.

The mortgage broker may ask for an application fee which will be used to pay for credit reports, appraisals, verifications and title reports. The initial application fee may or may not cover the charges incurred by the mortgage broker in processing your loan application. If the initial fee does not cover the expenses, you may be required to pay additional monies.

This initial fee is normally a **NON-REFUNDABLE** fee, regardless of whether you qualify for the loan or not.

There will be a waiting period until all documents are returned. The mortgage broker will then process all paperwork to send to the lender for final approval.

The lender may require additional information in order to qualify you for the loan.

After all documents are received and in order, the mortgage broker will prepare the documents for signing, escrow, and recordation.

Be aware that when a mortgage broker advertises a certain rate, that is not necessarily the rate you will get. The rate you ultimately get may be dependent on your credit history, market changes or other factors.

The appraisal fee may vary significantly from transaction to transaction.

According to the Fair Credit Reporting Act, if the terms of your financing were adversely affected by a credit report, you have the right to inspect a summary of your credit report free of charge or for a small fee.

How long should the loan process take?

The length of time for loan processing may vary depending on how much additional information is needed, when documents are submitted and other circumstances.

There is no statutory time limit in the state licensing laws for mortgage brokers and solicitors, in which a mortgage broker must process your loan. You may wish to periodically check with the mortgage broker on the status of your application.

How can I check to see if a mortgage broker or solicitor is licensed, and if there are complaints against a particular mortgage broker or solicitor?

Call the DCCA Consumer Resource Center at 587-3222, or if you are calling from the Neighbor Islands, call via the state toll free tele-phone number for Kauai 274-3141 extension 73222; the Big Island 974-4000 extension 73222; Maui 984-2400 extension 73222; Molokai and Lanai 1-800-468-4644 extension 73222.

How can I file a complaint against a mortgage broker or solicitor?

If you have a complaint against a mortgage broker or solicitor, call the Consumer Resource Center at 587-3222. (Neighbor Islands, see phone numbers/ extensions stated above)

The Regulated Industries Complaints Office receives, resolves, investigates and prosecutes complaints relating to the industries, boards, and commissions regulated by the department.

Call the DCCA **Consumer Resource Center** at **587-3222**, if you have a consumer complaint against a merchant, car dealership, and other businesses and licensed professionals in Hawaii.

If you are calling from the Neighbor Islands, call via the state toll free telephone number for Kauai 274-3141 extension 73222; the Big Island 974-4000 extension 73222; Maui 984-2400 extension 73222; Molokai and Lanai 1-800-468-4644 extension 73222.

We will assist you in handling your complaint.

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This printed material can be made available for individuals with special needs in braille, large print or audio tape. Please submit your request to the Complaints and Enforcement Officer at 586-2666.

RICO website: www.hawaii.gov/dcca/rico
RICO e-mail: rico@dcca.hawaii.gov

Business Name Search:
<http://www.ehawaii.gov.org/DCCA/biz-name>

Licensing Search: <http://www.ehawaii.gov.org/serv/pvl>

Complaints History: www.ehawaii.gov.org/serv/cms

TIPS ON

Mortgage Brokers and Solicitors

